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Breather for Ting

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EKRAN Bhd was mired in despondency after the multi-billion ringgit Bakun Hydroelectric Dam project was plucked off its hands. But the construction company is now poised to break its bad spell with the aid of two fairly big construction deals.

Sources say the company is eyeing two projects, one of which is the construction of a naval base in Sabah.

Their size is no where near the Bakun dam project. However, the projects will be big enough to lift 'the heavy burden' off the shoulders of Ekran's supremo Tan Sri Ting Pek Khing to get his group of companies going again.

A company official says Ekran has always been on the look out for new projects with emphasis on infrastructure and property. However, he declines to comment on whether there are any new developments.

Subsequent to the injection of the new projects, industry sources say the group is poised to undergo a massive restructuring exercise. Recently, Ekran announced the acquisition of a 30 per cent stake in Site Capital Sdn Bhd, a company involved in information technology and education, for RM12 million. It is not known if the company will play a role in Ekran's restructuring exercise.

'The restructuring exercise is to "add value" to the companies,' says a source close to Ting. It is learnt that the whole exercise is to come up with a fair and equitable package to justify Ekran's utilisation of the proceeds from its rights issue carried out in May 1997. The total proceeds of the rights issue was about RM1.5 billion.

The restructuring could also see the entry of new substantial shareholders in Ekran or other companies linked to Ting. The self-made tycoon controls 55.7 per cent of Ekran, holds a 49 per cent stake in PWE Industries Bhd and 32 per cent interest in Granite Industries Bhd. Ekran also has a 32.82 per cent stake in the beleaguered Wembley Industries Holdings Bhd which has sought protection from creditors under Section 176 (10) of the Companies Act.

It is learnt that Ting is likely to reduce his holding in Ekran to less than 33 per cent, a condition imposed by the Securities Commission (SC) two years ago. Ting's stake in Ekran increased from 26.3 per cent to 55.7 per cent following the rights issue in 1997. The SC gave Ting a waiver from making a mandatory general offer provided he reduced his stake to less than 33 per cent in two years (from 1997).

'However, he will still be at the helm. There is no question of him relinquishing control over the company,' say associates close to Ting. 'Ting wants to remain as the majority shareholder and continue to be a significant player in the industry.'

'Some may view the whole process as a rescue package for Ting,' they say. 'But at the end of the day it will be above board and a fair deal to minority shareholders. Only then can the company carry on with its operations and revive its battered image.'

Ekran earned the wrath of investors for using the proceeds of the rights issue without SC's approval. According to its 1998 annual report, the management of Ekran used the proceeds to repay loans, repurchase bonds, as working capital and make part payment to a director in relation to the proposed subscription of assets in two companies. The part payment to the director was a massive RM712.9 million. Many believe that the director in question is Ting as the two companies that Ekran proposes to acquire are

PWE and Granite.

Ekran had in July 1997, among others, proposed to acquire Appleleaf Investments Ltd (Appleleaf) and Classic Gold Assets Ltd for a total of RM924.45 million. Appleleaf and Classic Gold had earlier entered into an agreement with Ting to acquire his 49 per cent stake in PWE and 32 per cent interest in Granite.

Ekran was reprimanded and fined RM173,000 by the Kuala Lumpur Stock Exchange recently for failing to announce certain agreements and acquisitions which involves Appleleaf, Classic Gold and Ting. It also failed to announce a 60 per cent acquisition in Langkasuka Marine Development for RM300 million cash and a 100 per cent stake in Skylark Jaya for RM135 million.

In line with the new developments, Ekran is to revise its proposal to the SC pertaining to the use of the proceeds of RM1.5 billion from its rights issue. It is important that the proposals get the approval of the SC as, otherwise, all prepayments advanced to the director would have to be returned to Ekran.

Ekran and Ting's troubles started with a hugely undersubscribed rights issue just before the stock market plunged in 1997. The proceeds of the rights issue were to be used for its subscription of a rights issue in associate company Wembley Industries, for investment in Bakun Hydroelectric Corporation Bhd and as working capital.

The rights issue was undersubscribed by 66.77 times, leaving Ting and his wife to mop up about 150 million shares which were not taken up. In the process, Ting had to fork out RM860 million from his personal coffers. At that time when a question was posed as to how he raised the money, Ting's reply was: 'It is a personal matter. The important thing is that the money is in Ekran.'

But as it turned out later, external auditors Arthur Anderson qualified the company's accounts and raised concerns that the proceeds from the rights issue had been used without SC's approval.

In the following months, the currency crisis threw a spanner in the works of Ekran as the government shelved the RM12 billion Bakun dam project. It was the darkest moment in Ting's illustrious career. It is one project which he never got to finish.

And events after the announcement of the shelving was even more painful for Ting. 'After the meeting with the then deputy Prime Minister (Datuk Seri Anwar Ibrahim) when the decision to shelve the project was made, Ting requested that he be allowed to make the announcement,' says a close associate of the Sarawak-based tycoon.

'Ting wanted to inform his creditors and bankers first to appease them. However to his surprise, the announcement was made soon after the meeting and he was caught in a bind,' adds the associate. 'He was the first to be hit by the currency crisis.'

It has been nothing but downhill for Ting the past two years. He spent most of his time tending to his farm in Sarawak. Unlike in 1995 and 1996 when Ting used to hog the headlines of the business pages, he kept a low profile, licking his wounds.

'Ting takes great pleasure in farming. So after Bakun was shot down, he found solace in agriculture work,' says the associate.

Ting, who is in his fifties now, comes from a simple background in Bintangor, Sarawak. After completing formal education, he was a salesman supplying sundries and soft drinks to households and retail outlets. In 1967, he ventured into property development and soon after gained fame by building low-cost wood-houses in record time. He completed the Bintulu Port in a year when the normal construction period at that time was about seven years.

Ting was hit by the recession in 1985 and went to Australia with his wife. He later returned and shot to fame in the early 1990s. At that time Prime Minister Datuk Seri Dr Mahathir Mohamad was looking for someone to build hotels in Langkawi in time for the LIMA exhibition.

Rumour has it that the Prime Minister was flying to Sarawak when he came across an advertisement put out by Ting's company on property development. Dr Mahathir remembered Ting's exploits in construction and summoned the contractor to meet him in Kuching.

Ting took up the challenge and built the three-star De Lima Hotel in Langkawi in a record 53 days. One week later he completed Sheraton Langkawi. His achievements pleased Dr Mahathir and the rest is history.

When Ekran was awarded the Bakun dam project, all companies linked to Ting reached dizzy heights. Ekran was also trading above RM10. At its lowest ebb, the stock hit 50 sen.

It is highly unlikely that companies under Ting will return to dizzy heights again. However, the developments in the company is expected to at least give him some breathing space.